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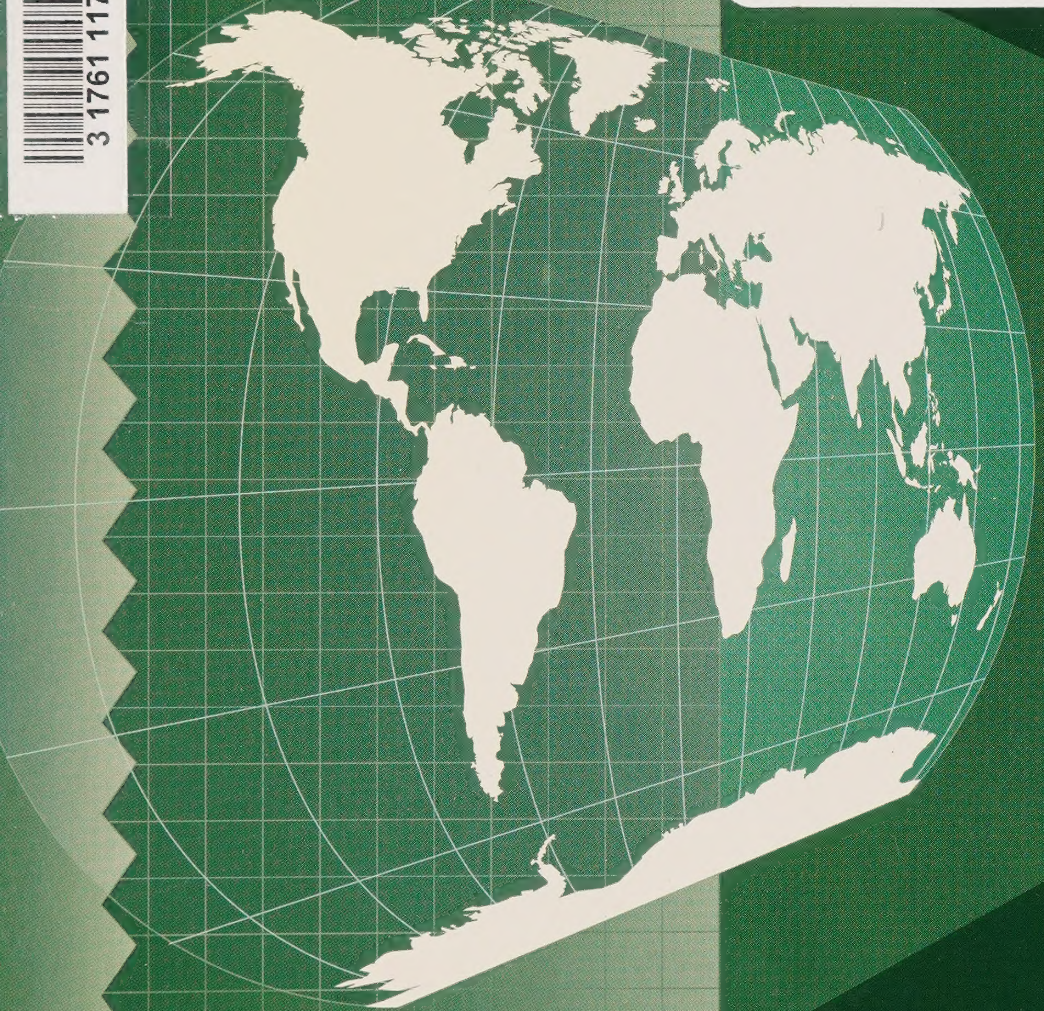

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Printed in Canada
Produced by CMHC

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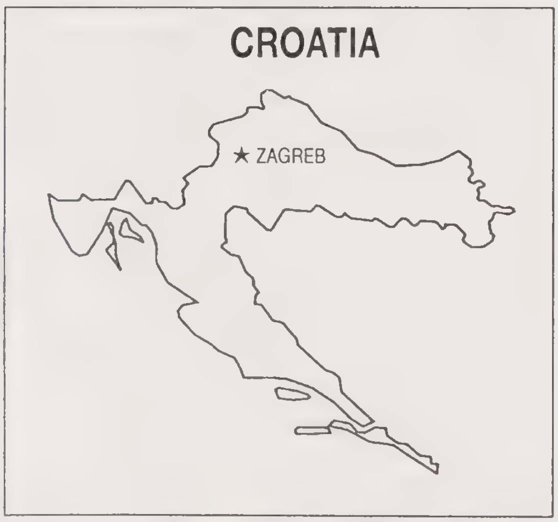
GEOGRAPHY

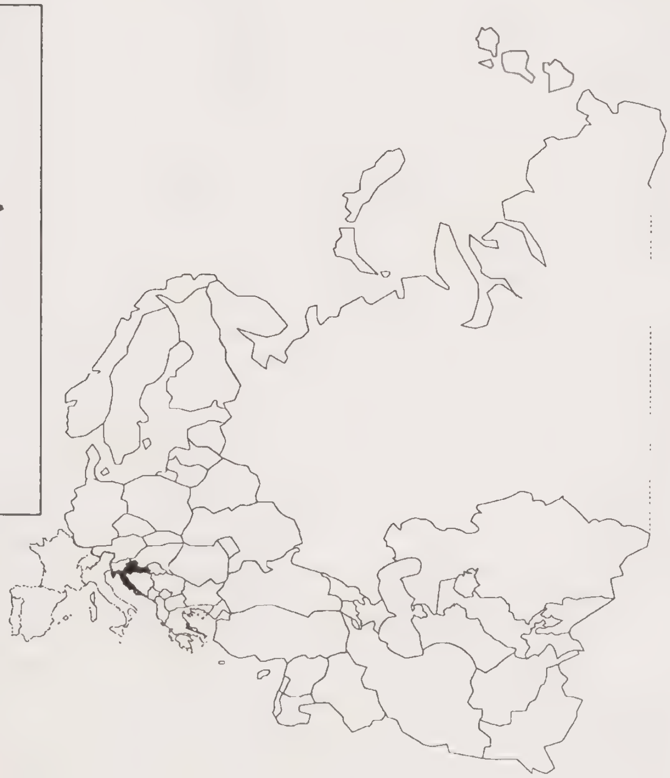
Croatia is located in Southeastern Europe, bordering the Adriatic Sea, between Bosnia and Herzegovina and Slovenia. Administratively, Croatia is divided into 21 counties (zupanijas), with 68 towns and 383 municipalities. The total area of Croatia is 56,538 km^2, while the land area is 56,410 km^2. The land boundaries total 2,028 km, shared with Bosnia and Herzegovina 932 km, Hungary 329 km, Serbia and Montenegro 266 km (241 km with Serbia; 25 km with Montenegro), and Slovenia 501 km.

The industrial sector, developed mostly in the 1960-70 period, has a diverse structure, with a large industrial output coming from the chemical and manufacturing industries. In addition, electronics, shipbuilding and petroleum refining industries are also well developed.

The climate of Croatia is Mediterranean and continental; continental climate predominant with hot summers and cold winters; and mild winters, dry summers along the coast. The terrain is geographically diverse; with flat plains along the Hungarian border, low mountains and highlands near the Adriatic coast, coastline, and islands.

Natural resources include oil, some coal, bauxite, low-grade iron ore, calcium, natural asphalt, silica, mica, clays, and salt. Environmental issues include air pollution (from metallurgical plants) and the resulting acid rain damaging forests; coastal pollution from industrial and domestic waste; and widespread casualties and destruction of infrastructure in border areas affected by civil strife. Natural disasters include frequent and destructive earthquakes.





DEMOGRAPHICS

The population of Croatia reached 4.8 million in 1995. Nineteen percent of the population is under 14 years, 68 percent is between 15-64 years, and 13 percent is 65 years and over. The population growth rate was 0.13 percent in 1995. The birth rate was 11.02 births per 1,000 population, while the death rate was 10.55 deaths per 1,000 population. Demographic indicators are illustrated in Table 1.

The net migration rate was 0.77 migrants per 1,000 population, while the infant mortality rate was 8.4 deaths per 1,000 live births. Life expectancy at birth for the total population is 74.02 years, 70.59 years for male and 77.65 years for female.

The nationality is Croat(s) and residents are referred to as Croatian. Ethnic divisions include Croat 78 percent, Serb 12 percent, Muslim 0.9 percent, Hungarian 0.5 percent, Slovenian 0.5 percent, and others 8.1 percent. Religions include Catholic 76.5 percent, Orthodox 11.1 percent, Slavic Muslim 1.2 percent, Protestant 0.4 percent, and others or unknown 10.8 percent. Languages spoken include Serbo-Croatian by 96 percent of the population and other 4 percent.

The labour force totals 1.5 million people, with major occupations including industry and mining (37%), agriculture (16%) and government.

Table 1: Demographic Indicators

Population – July 1995	4,665
Population Density (1994)	85.5 km^2
Population by Age	
0-14	19%
15-64	68%
65+	13%
Literacy Rate	97%
Population Growth (% 1992-1995)	–0.75%
Urban Population (% of total, 1994)	54%
Capital City – Zagreb	726,770 inhabitants

Sources: EIU, 1995; WB, 1996

ECONOMIC OVERVIEW

Before the dissolution of Yugoslavia, the republic of Croatia, after Slovenia, was the most prosperous and industrialized area, with a per capita output perhaps one third above the Yugoslav average. At present, Croatian Serb Separatists control approximately one third of the Croatian territory, and one of the overriding determinants of Croatia's long-term political and economic prospects will be the resolution of this territorial dispute.

Following a referendum in May 1991, Croatia became an independent sovereign state, leaving the existing Yugoslav federation. A combination of key policies indicate a commitment to economic and political reform including: economic restructuring, the reorientation of trade towards Western partners, and the encouragement of foreign investment. Though a number of economic reforms have been implemented, the financial, banking, and tax systems are still to undergo considerable re-adjustment, to enable the market to operate more efficiently. The stabilization of the economy, and the promotion of sustainable economic growth are still major tasks ahead.

Croatia faces serious economic problems stemming from: the legacy of long-time Communist mismanagement of the economy; large foreign debt; damage during the fighting to bridges, factories, power lines, buildings, and houses; the large refugee population, both Croatian and Bosnian; and the disruption of economic ties to Serbia and the other former Yugoslav republics, as well as within its own territory. At the minimum, extensive Western aid and investment, especially in the tourist and oil industries, would seem necessary to revive the moribund economy.

Signs of economic recovery were evident in 1995, when GDP increased by 1.7 percent, driven largely by a resurgence in construction and agriculture. Though marginal, this turnaround is important for the economy which between 1990 and 1994, contracted more than 35 percent. Inflation has remained well under control, and currently, is one of the lowest in the region (3% in 1995). However, industrial production is constrained by the government's tight credit policies, and structural problems in the banking and enterprise sectors, still need to be addressed.

Economic reforms have created a dynamic import oriented private sector, which in 1995, accounted for 45 percent of GDP. Unemployment remains very high, with the number of registered unemployed close to 18 percent, though it should be noted that most of the enterprise restructuring, and privatization programs have been delayed in Croatia. Due to the unstable political environment, foreign direct investment is only US$ 273 million. Table 2 shows the key economic indicators for Croatia.

Table 2: Key Economic Indicators

	1994	1995	1996*
GDP (% growth)	1.0	1.75	5.0
GDP per Capita (US$ at Purchasing Power Parity [PPP])	4,920	4,430	N/A
Gross Nominal Monthly Wages (December, in US$)	293.9	355.3	N/A
Private Sector Share of GDP	40.0	45.0	50.0
Unemployment Rate (%)	12.6	12.5	18.0
Annual Inflation Rates (% change)	3.0	3.0	3.5
Trade Balance ($ billion)	–1.364	–3.088	N/A
Gross Foreign Debt (billion)**	2.7	3.2	N/A
Foreign Direct Investment (US$ million)	98	85	N/A

* estimates.

**excludes Croatia's share of the debt burden from the former SFR of Yugoslavia.

Sources: EBRD, 1996; EIU, 1996, 1995; ECE, 1996; WB, 1996

Though reliable data on domestic investments are unavailable, the indications are that most of the efforts have been directed towards the rebuilding of infrastructure, enterprise restructuring, and the reviving of the tourist trade on the Adriatic coast. Forecasting the rate of recovery in an economy emerging out of civil war, is very difficult;

nevertheless, the reconstruction effort is expected to stimulate output, and growth is expected to be strong in construction, fixed investments, and tourism. Consequently, a continuous volume of imports will be needed to support the domestic economic recovery.

According to the World Bank, Croatia's per capita income dropped by 16 percent in real terms between 1990 and 1995, mainly due to the loss of most former domestic markets, and the effects of the war on activities such as tourism. Croatia had a GNP per capita of US$3,280 in 1995.

The structure of output is similar to that of an industrial market economy, with manufacturing accounting for about 30 percent of GDP, agriculture accounting for about 12 percent, and services accounting for 60 percent. Imports and exports of goods and services are approximately 80 percent of GDP, making Croatia one of the most open economies in Central Europe.

The World Bank notes that Croatia's legacy from the former Yugoslavia is mixed. On the positive side, its economic system was far more market-oriented than those of the planned economies of Central Europe and the former Soviet Union (FSU). The foreign trade regime was liberal, with the few quantitative restrictions occurring mainly in agriculture.

On the negative side, although enterprises were free to make most pricing and investment decisions, the Yugoslav system of social ownership often resulted in poor investment decisions and tended to encourage chronic wage pressures. The scarcity of foreign financing during the debt crisis of the late 1980s caused investments, and therefore economic growth, to fall. Enterprises began to generate widespread losses, highlighting a major shortcoming of social ownership and the lack of financial discipline. The losses were financed by banks, which in turn were owned by the enterprises themselves. Banks were continually monetized by the National Bank of Yugoslavia, resulting in a loss of monetary control and the hyper-inflation that Croatia inherited at independence.

Despite initial successes on the stabilization front, a number of developments indicate that the macroeconomic situation remains unsettled. Growth performance has been disappointing with GDP rising by less than 1 percent in 1994, and was only slightly better in 1995.

Domestic demand, particularly consumption, has been the main driving factor of growth. Consumption growth, in turn, has been fuelled by a substantial rebound in real wages, which have grown by some 40 percent since the beginning of 1994. The public sector has also contributed to the domestic demand increase, as the overall balance of the consolidated central government deteriorated from a surplus of about 2 percent of GDP in 1994 to minus 1 percent of GDP in 1995.

Croatia needs to achieve and sustain much higher growth rates, 5 percent or more, per year in order to rapidly recover its pre-independence GDP level and accommodate growing demands from its society. This prospect is not unrealistic, according to the World Bank, if regional tensions continue to subside, and the much-needed increase in investment levels is made possible by a swift implementation of structural reforms on the fiscal and supply side. Over time, Croatia may be able to rely on external savings to finance and increase its investment effort, since external debt levels are relatively modest by international standards (about 27-28% of GDP).

POLITICAL OVERVIEW

Croatia declared independence from the Socialist Federal Republic of Yugoslavia in June 1991 at the same time as Slovenia. The government was immediately confronted with the de facto secession of the Croatian Serb minority (11% of pre-independence population), in areas close to the border with Bosnia and Herzegovina (Western Slavonia and the Krajina) and close to the Federal Republic of Yugoslavia (Eastern Slavonia). About one-fourth of Croatia's territory remained inaccessible to the government for several years. The government regained control over much of this land in late spring and summer of 1995, mostly through military means. In May and August, the Croatian army retook Western Slavonia and Krajina.

An agreement, concluded during the Dayton negotiations on Bosnia, calls for the return of Eastern Slavonia to Croatian rule after a transitional period with international administration of up to two years. Despite the territorial tensions that have persisted since independence, the government has been able to carry out some reconstruction of the war-damaged infrastructure and to begin a serious economic reform program.

Croatia, which was widely recognized as an independent state in January 1992, is a parliamentary democracy with a two chamber Parliament (Sabor and Zupanie Dom). The Croatian Democratic Union holds the majority (44.8%) in the Sabor, followed by the Peasant Party Coalition (18.4%). The Zupanie Dom, consisting of 68 county representatives, acts principally in a consultative capacity.

The Croatian Democratic Union (HDZ) is the party in government. The immediate government priorities are related to political stability, strict fiscal policy, economic recovery, and the promotion of investment.

The damage to infrastructure, the disruption of economic ties with Serbia and other former Yugoslav republics, due to the civil war, and an imbalanced restructuring, have resulted in a negative trade balance for Croatia. Reportedly, the overvalued local currency has a negative effect on domestic producers, exporters, and the tourist industry; the strong kuna erodes the price advantage of local producers in foreign markets, and has increased the trade deficit. In the first eleven months of 1995, the trade deficit was 268 percent higher than the same period a year before, while imports were 63 percent greater than exports. As a result, Croatia has become one of the most expensive post-communist environments, according to PlanEcon in a 1996 analysis.

While the European Union is Croatia's largest trading partner, trade volumes with the U.S., Slovenia, and the Commonwealth of Independent States are significant. Croatia is currently negotiating an EU association agreement, which will be completed in mid-1997.

Since 1990, as a result of the changing political, economic and social conditions, the socialist housing policy was fundamentally restructured. The Croatian Parliament adopted the Integral Concept of National Housing Reform, whose goals include: defining property rights over dwellings and land, the privatization of social housing, stimulating private housing provision, and the improvement of the existing housing stock. Subsequent housing reforms have focussed on the privatization, and restructuring of the housing sector. However, these measures should be analyzed together with a set of postwar initiatives and government efforts to rebuild urban and rural economies.

Several key facts tell of the extent of postwar destruction in Croatia. The war affected 590 settlements; 35 towns were completely devastated; and thousands of residential buildings (27,000 houses and 210,000 apartments), and more than 550 schools, 30 hospitals and 560 churches were destroyed. In addition, the war has caused major demographic shifts in the population, with long-term consequences. In 1994 alone, Croatia was providing shelter for 380,000 refugees and displaced people, making up approximately 12 percent of the population.

Housing as a National Priority

Urgent measures for the reconstruction of war-affected areas were approved in a special program, in 1993. The Croatian government designed a set of economic incentives (earmarked loans, tax exemptions for the purchase of construction materials, and so on), to stimulate investment in housing and urban development. The government is currently focussed on the reconstruction of key infrastructure and transportation facilities.

The Croatian government has rapidly transferred the vast majority of the social housing stock, to private hands; consequently, the privatization of housing is one of the few success stories in post-communist economic restructuring. Even under communist rule, the country had a sizeable number of homeowners; in 1985 about 97 percent of the rural stock, and 56 percent of the urban stock were in private ownership.

Following the 1991 law on the privatization of socially owned housing, close to 157,000 dwellings were sold to tenants by the end of 1993, with another 100,000 dwellings eligible for sale. In less than two years, 43 percent of the social housing in Zagreb was sold.

Significant concessions were offered to households, based on their number of children, their work history, and the type of payment. Most dwellings were paid for in cash; hard currency savings were at a significantly reduced price of 20 percent of the market value.

The revenue from privatization totalled DEM 790 million, which was channelled into the National Fund for Development. Reportedly, because of financial reasons, tenants were not interested in buying the land.

The restitution of housing and urban land has been delayed; due to tenant opposition and other social conflicts associated with the war, the government did not proceed with restitution laws. The nationalized stock contains some of the best, and the worst housing in the country. While most properties are in attractive inner-city locations, they have been poorly maintained, and consequently, need considerable rehabilitation.

Housing subsidies, which amounted to an insignificant 0.0025 percent of the state budget in 1994, cover cost differences in public rental housing, in addition to providing assistance for low-income households. In order to transfer maintenance costs and responsibilities, the Croatian government continues to privatize state-owned and municipal housing. Subsidies exist for the sale of state-owned housing at below-market prices, as well as for the compensation of below-market interest rates on mortgages for the purchase of privatized units.

In addition to targeted housing subsidies, Croatia provided US$19.8 million for the accommodation of 400,000 refugees and displaced persons, in 1994. Experts estimate that there is a need for 200,000 social housing units to compensate for the

war damage; homeless people, or those accommodated in temporary shelters, account for 80 per 1,000 units. However, the social housing allocation in 1990 amounted to only 8,000 units, and since then, has dropped even further to as little as 500 in 1994.

A number of regulations, laws, and guidelines exist in Croatia, providing the legal framework for the housing sector. The Communist legislation related to property rights, the privatization of dwellings and land, property tax, physical planning, and construction is gradually being replaced.

In 1992, the government approved the Concept of Urban Development in the Republic of Croatia, thus establishing guidelines for the planning and management of the urban system at the national, regional and local level. The guidelines focus on measures which will eliminate the impact of war on urban and rural communities, the most important of which are:

- the provision of state funding for the reconstruction of war-affected areas;
- the identification of priorities for infrastructure development;
- the development of economic incentives for reconstruction in war-affected areas; and
- the establishment of a legal and financial framework for investment in reconstruction.

In 1994, the Croatian government adopted a Program on Infrastructure Development for Urban and Environmental Management. The program focusses on four components: the urban development system; an urban development database; information on territorial units; and housing, and it will enable the more efficient monitoring of key indicators at the urban level.

With respect to other regulatory issues concerning the housing sector:

- property rights are defined and guaranteed, under the Croatian Constitution; and
- the Local Taxes and Charges Law, stipulates that taxes on building are up to 5 percent of the assessment value.

Overview

Since the beginning of the 1990s, the housing sector in Croatia has undergone a dramatic transformation, marked by rapid privatization, and a reduced government role in the production and allocation of housing. According to the last census in 1991, Croatia has a crude surplus of 225,927 dwellings. Although the quality varies tremendously, most of the urban households consist of a 65 m^2 dwelling with two rooms.

However, due to the civil war, the current housing situation is very difficult to estimate. In 1994, the number of households (1.5 million) exceeded the number of dwellings, (1.4 million) by about 87,000. In addition, the doubling up among households in the larger cities is common, while interurban migration is significant.

Croatia has a ratio of 336 housing units per 1,000 inhabitants. Recent policy reforms have changed the existing tenure structure. The proportion of owner-occupied units in 1994 was close to 85 percent, a substantial increase compared to 70 percent in 1990. The share of the private rental sector has increased significantly since privatization, reaching 3.7 percent. While housing consumption is one of the highest in Eastern Europe, the average floor space per person is 22.1 m^2 (21 m^2 in Zagreb), which is low by European standards.

According to selected density indicators, the number of households exceeds the number of dwellings. Overcrowding, reflected in the ratio of persons per room, is as high as 1.4 in the public rental sector. Rural-urban migration has created a lot of pressure on urban housing markets, consequently, chronic housing shortages exist. A disproportionately high number of households in the urban areas live in 2-room flats, while at the same time, the share of vacant rural housing is 8 percent. Table 3 illustrates housing conditions in Croatia by type of tenure.

Relevant Regulatory Systems

There is a considerable difference between rural and urban housing in Croatia. Urban areas, traditionally, have attracted a larger share of the government investment in infrastructure and services, and as a result, the urban population has better housing, although their consumption is more restricted.

For example, water supply and sewage systems are considerably better developed in Zagreb. The lower level of infrastructure provision at the national level reflect the lower quality of the rural owner-occupied housing. In comparison, housing standards are higher in the public housing.

District heating is widespread in Zagreb, where the share of dwellings serviced by the system is 60 percent. Substandard housing is as high as 14 percent of the total stock in Zagreb.

Table 3:
Housing Conditions by Tenure Type, 1994

Tenure Type	Percentage of the Housing Stock	Household/ Dwelling	Square Metres/ Person	Persons/Room	Number of Units ($000)
Public rental*	10.6	1.03	19.4	1.4	372
Owner-Occupied*	84.5	N/A	N/A	N/A	1,014
Private rental*	3.7	1.03	23.0	1.1	54
Other*	1.2	N/A	N/A	N/A	17
Total *	100.0	1.03	22.1	1.1	1,457

* The data reflects housing characteristics at the national level.

Source: MRI, 1996

Table 4: Housing Quality Characteristics in Zagreb and Croatia

	Piped Water (% of dwellings)	Piped Sewer (% of dwellings)	Bath or Shower (% of dwellings)	District Heating*	Housing Built Since 1960 (%)
Croatia - aggregate	70.0	46.0	75.7	24.7	70.0
Croatia - public housing	96.0	92.0	93.1	39.0	N/A
Zagreb	94.4	56.6	94.4	60.0	74.6

* Defined as percentage of dwellings provided with any heating installation serving one building or one flat.
Source: MRI, 1996

There is a limited choice of housing types, styles and quality levels throughout Croatia. With more than 70 percent of the housing built after 1960, the urban stock is relatively uniform, consisting of mass-produced high-rise apartment buildings. At the end of 1994, multi-family housing amounted to 202,000 units—190,000 condominium units and 12,000 public rental units. This has created problems related to the maintenance, and management of the owner-occupied housing. Table 4 shows housing quality characteristics in Zagreb and Croatia.

State of the Local Housing Market

The huge transfer of wealth which accompanied housing privatization, has sparked the development of a private housing market. In 1994, experts estimated the average house price in Zagreb at $US1,115 per m^2. In general, a new diverse system of house prices has emerged, reflecting location, quality, accessibility, and level of services. This has resulted in the formation of distinct housing sub-markets in the urban structure. The general trend is towards the fragmentation and differentiation of the housing market, reflected in house price maps of urban areas. New housing is more expensive, and is in the range of US$85,000 to US$120,000. Real estate agents report sales in the upscale market in the range of US$250,000.

While it is difficult to gauge its magnitude, a rental market has also developed in the urban areas, with average rents 28 times higher than those in the public sector. Brokers serving the owner-occupied and the rental markets have appeared, and newspapers regularly carry real estate advertisements.

A massive decline in housing output was the initial effect of the government's decreased efforts for the provision of housing. Though private housing investment increased considerably, it was not sufficient to offset the decline in state subsidies. Housing investment by state and local governments in areas affected by the war was only 3 percent of GDP in 1994.

The production of new housing decreased dramatically from 8 per 1,000 units in the 1980s, to a record low of 2 per 1,000 units in 1994. In the mid-1990s, housing completions had fallen to a low level of 9,700 units. By 1994, housing output was close to 30 percent of the output reached in 1980, with the majority of the new housing starts in privately financed, speculative housing schemes. The following table illustrates the housing investment for the period 1990-94.

Table 5: Housing Investment 1990-94 (in million $US)

	State and Local Government*	Share of GDP	Share of Total Investment**
1990	80	3.2	41.2
1994	68	3	33.0

* State and local government investment for war affected housing in million $US.
**The share of housing investment within the total construction investment in percentage.
Source: MRI, 1996

Table 6: New Housing Construction by Type of Developer

		1980	1990	1994
Number	State and local government	11,737	5,084	808
	Private persons	19,270	13,512	8,902
	Total	31,007	18,596	9,710
Zagreb	State and local government	4,189	2,943	334
	Private persons	2,533	797	1,342
	Total	6,722	3,740	1,676

Source: MRI, 1996

Private housing development, with a long tradition in Croatia, has increased in significance during the transition from planning to markets. Market share has increased from 62 percent in 1980, to 92 percent in 1994. In Zagreb, private house building accounts for 80 percent of the total housing output. The withdrawal of government funds from housing has also led to a decrease in the concentration of production; consequently 20 percent of the newly built housing in 1990 was produced by the five largest developers, compared to 10 percent in 1994. Although construction time is 18 months on average, it is variable as both public and private developers face considerable financial difficulties. Table 6 shows new housing statistics by type of developer.

Land costs vary widely according to the size of the city and location. Defined as a percentage of the total house price in a typical new housing development, land costs are as high as 35 percent in Zagreb. Serviced land is 2.5 times more expensive, compared to undeveloped land with planning permission for residential construction. Infrastructure expenditure in 1994 was $US40 per person in the capital city. There are difficulties in converting agricultural land into residential uses, and as a result, supply is limited. In addition, jurisdictional and titling problems are driving land prices upwards.

Construction costs are difficult to forecast in local currency, and estimates do not remain valid for long because of the uncertainty about the availability and cost of building materials. Nationally, costs in 1994 were $US1,000 to US$1,200 per m^2 compared to $US1,300 to US$1,500 in 1990. Experts indicate that the lower rates of inflation are contributing to this cost decrease. Table 7 illustrates land and construction costs in Zagreb on a national level.

The shift in consumer preferences, and the structural changes in the housing industry, have led to changes in the type of newly-built urban housing. For example, traditional methods have replaced industrial and large panel technologies. The average 60 m^2 public housing unit has two rooms. By comparison, the average size of a newly-built private sector unit has increased to 87m^2, close to 70 m^2 in Zagreb.

Table 7: Costs and Size of Newly-Built Housing, 1994

	Land cost **	Construction cost***	Number of rooms	Average size of newly-built unit
National	N/A	1000	2.0/3.2*	55.8/87.0*
Zagreb	35	1200	2.0/2.5*	59.3/68.7*

* ata refers to privately developed housing.

** Defined as the land price as a % of the total house price (including land price) for typical newly constructed units.

*** Defined as the present replacement cost (labour, materials, on-site infrastructure, management and contractor profits) in US per m^2 of a median priced dwelling unit.

Source: MRI, 1996

The privatization of the building industry has been very slow, although the process is expected to gain momentum by the end of 1997. The industry is restructuring, as reflected in the growing number of firms active in the sector. Large scale construction enterprises are being transformed into smaller units to operate more efficiently in the market environment and the number of employees has been reduced by 62 percent. Though statistics indicate a tremendous growth in the value of total output, the figures should be interpreted very carefully as they are not adjusted for inflation (937% in 1992). Table 8 illustrates these statistics.

Materials

The building materials industry in Croatia was developed to accommodate the needs of a growing construction industry. In early 1980s, with construction enterprises reporting the completion of 30,000 units per year, there was a chronic shortage of basic building materials. The current production capacity of key products such as cement, ceramic tiles and window glass meets the requirements of the domestic market. Imports of value-added materials have increased in the last two years, due to a considerable increase in domestic demand. Building materials produced in 1993 are shown in Table 9.

Financing

The impact of housing finance reforms has been insignificant. The major banks are still owned by the state; the state-owned Savings Bank accounts for over 74 percent of total housing credits. Housing loans amounted to 59.7 percent of all loans in commercial and government financial institutions, made in 1994. The maturity for outstanding loans is, on average, 120-180 months.

**Table 8:
Structure of the Building Industry, 1991**

Indicator	1990	1991	1992
Firms	953	410	1972
Employees (thousands)	119	93	74
Value of Output (mil dinars)	33,515	51,355	302,843

Source: United Nations, 1995

**Table 9:
Local Production of Building Materials, 1993**

Production of Building Materials	Quantity
Bricks (million)	484
Small Concrete Blocks (million)	32
Lime (1,000 t)	156
Plaster (1,000 t)	4
Roofing tiles (million)	43
Thermal Insulation Materials (1,000 t)	9
Sheet glass	158
Prefab Concrete Elements (1,000 t)	154
Ready-mixed concrete (1,000 t)	304
Sawn-wood (1,000 m^2)	188

Source: United Nations, 1995

HOUSING MARKET ACTIVITY, NEED AND DEMAND

Housing Need

The dynamics of the Croatian population are difficult to evaluate, especially as data is inconsistent and largely unavailable. The changes in population are related to the net natural population decrease which is offset by a massive flow of immigrants. In 1991, there were 1.5 million households in Croatia (252,900 in Zagreb), with an average household size of 2.8 persons. In 1994, immigrants accounted for 12.5 percent of the population. With the growth in the numbers of displaced people and refugees, an increased housing demand may occur in some urban areas. Economic and postwar restructuring is likely to fuel an internal migration by people who have lost their jobs, housing or families.

Income differentiation in post-communist societies has crucial implications for the housing market. The average gross nominal wage in 1995 was US$355, up from US$293 the previous year. Wages are much higher in the banking, property, and business service sectors. The country's statistics fail however to include the managers and employees of Western companies who might earn from US$25,600 to US$51,100 per year.

The changing income distribution and social attitude has increased demand for high quality flats and single family homes from the new middle and upper class. Various income groups are willing, and also able to invest in the upgrading of their existing housing, therefore spurring an increase in renovation activity. Despite the high level of home-ownership in Croatia, movement in the market will have a marginal effect on the supply of new housing.

Home-ownership is perceived as a desirable and good investment in Croatia. Investment in housing is economically attractive for individual households, and is supported by a variety of tax incentives, to stimulate private involvement in postwar reconstruction. Households will likely channel a large percentage of their savings into improving their housing situation.

Housing Costs and Affordability

Low wages and high unemployment, coupled with high housing costs, have made home-ownership less affordable. Utilities consume a large share of the household budget and many homeowners are struggling to raise money to pay for services and maintenance.

A considerable effort is required to upgrade the housing stock in war affected areas. However, the biggest housing problem is the provision of affordable, decent housing for the homeless households and displaced people. Ultimately, a large number of the 400,000 refugees do not have the income and the savings to afford owner-occupied housing. The Croatian government and international institutions are joining their efforts to ensure that adequate funding is available to solve the housing crisis.

The overall rent-to-income ratio in the public sector is low, in the range of 3 percent of the average household income, and covers 40 percent of the operation costs. As a result, maintenance and repair work is delayed, leading to further deterioration of the housing stock. Meanwhile, private sector tenants spend over 80 percent of their household income on rent. Statistics are shown in the following table.

Table 10: Housing Costs in the Owner-Occupied and Rental Sectors, 1994

	% of average income			Ratio house price to income
	Public Sector Rentals		Private Rental	Owner-Occupied
	Rent	Utilities		
Zagreb	3.0	N/A	83.7	N/A

Source: MRI, 1996

Croatia offers a number of opportunities for Canadian housing exporters due to liberal trade policies and a regime for foreign investment, despite the fact that progress in economic and political reform has been slow.

Croatia is a small but growing market in Central and Eastern Europe for Canadian housing products, with exports reaching $1.6 million in 1995. Prefabricated housing and wood products account for 50 percent of Canadian exports alone, with heating, ventilation, air conditioning systems, electrical-mechanical components, doors and windows, contributing another 20 percent of the export volume. The Canadian involvement in the Croatian market includes product exporters and service providers.

Exports in the residential sector of the Croatian market are quite diverse. The country has a large unsaturated need for building materials and low-cost housing. Foreign competition is mainly from Germany, Italy, and Turkey. Canada's export ranking for building products in the market is low, and sales volumes are generally small. Table 11 shows the value of Canadian building material exports in 1995.

New House Building

There is a significant pent-up demand for housing in Croatia, estimated at approximately 10,000 units per year. This estimate excludes housing provision in war-affected areas. It should be noted that without considerable state and international support, housing investment will remain hopelessly inadequate to meet the housing need.

Manufactured Housing: Canadian exporters of manufactured housing will find the Croatian market a challenge over the next 5-10 years. Though it offers fast and affordable solutions to the housing crisis in war-affected areas, manufactured housing will hardly be accepted by the mainstream single-family home-builders. Government and international institutions might be able to provide financial support to offset part of the costs.

While there are clearly problems in exporting most types of prefabricated buildings, there are some types (e.g., pre-cut house packages, R-2000, modular homes, and so on) where potential does exist, provided that the product is price competitive with traditionally built housing.

Another opportunity is the use of modular technology in townhouses, and low-rise apartments, where the standardized modular approach could be more successful if expanded into multiple-density housing schemes. The marketing of manufactured homes to medium-size builders and local developers, as opposed to individual customers, is a better alternative for Canadian manufacturers.

Provision of Luxury Housing: A promising niche market for Canadian house builders exists in the provision of custom built homes on the outskirts of Zagreb, and in the tourist areas along the Adriatic coast. The type of housing most likely to succeed is the traditional masonry home, with upgrades such as HVAC, custom kitchens, and

Table 11:
Value of Canadian Building Material Exports, 1995 (in $)

	Prefab. buildings	Wood Products	Doors/ Windows	HVAC	Roof/ Floor/ Wall Products	Finishes	Misc. Building Products	Tools and Equipment	Total per year
1995	742,189	370,230	104,661	167,771	1,550,431	18,594	36,169	94,0321	3,084,366
Category Rank	1	2	4	3	6	8	7	5	
Total per category	742,189	370,230	104,661	167,771	1,550,431	18,594	36,169	94,0321	3,084,366

Source: Industry Canada's *Strategis* trade data on-line, 1996

security systems. Although volumes might range between 20-50 units per year, profit margins might be higher than in Canada. However, there are risks that can be reduced by careful research into local land and housing markets.

Construction Technologies and Building Materials

Technologies: The renovation industry urgently needs efficient, modern production technologies to assist in the upgrading of residential and commercial properties. Equipment is also needed for the production of lower-density housing forms.

Building Materials: These markets offer steady and growing opportunities, though volumes might be small. The most promising sub-sectors are materials for light construction and fine-quality finishes, such as plasterboards, wooden and laminated flooring, wooden baseboards, pre-finished, low-maintenance wall cladding materials, and vinyl sidings. Paints, coatings and tools are also in demand. The growth in the renovation of commercial and mixed-use buildings, creates excellent opportunities for Canadian building material exporters, especially those engaged in the production of thermo-insulation and hermetic sealing materials, glass packets, light roofing materials, sanitary products, or plumbing components.

Housing Components and Value-Added Products: Gradual changes are apparent in the types of components used in new housing construction, particularly plastic and aluminium windows, standardized doors, and acoustic ceilings. Value-added products, air-conditioning and heating equipment, are competitive in the Croatian market.

Investment in the Privatization of State-Owned Building Material Production

The privatization program will gain momentum in the 1997-98 period. The Croatian government aims to increase the share of private sector involvement and is encouraging foreign investment in the construction industry. Companies on the privatization list (600 by the end of 1996), will be sold through public tender, auctions, direct agreement and competitive bidding, to local and foreign investors.

Foreign participation requires approval by management, employees and the Croatian Fund for Privatization. The new Croatian Foreign Investment Agency provides advice to potential investors, as well as information about local enterprises.

However, investment in privatized enterprises involves the potential risks of taking over companies with a huge technical infrastructure, human resources, and obsolete corporate structures. Despite the risks, considerable opportunities for joint ventures exist with the local building materials industry, especially with respect to good quality, low-cost raw materials, and qualified labour.

Strategies

Though Croatia presents some obstacles to developing business, it offers a number of good export opportunities and niche markets in the short-term. Canadian companies need to position themselves to gain a share of the postwar reconstruction process and to capture investment opportunities in housing and infrastructure provision.

The Croatian export market is promising. Much of the housing reconstruction activities will be funded through domestic sources, and loans from the World Bank or European Bank for Reconstruction and Development (EBRD). The market offers different opportunities and potential for Canadian housing exporters. However, in order to succeed, it is not enough to provide the best possible service or product at the best price. Instead several key issues need to be considered:

- The business environment is changing rapidly for the better. It creates great business opportunities, with commensurate risks.
- Opportunities for Canadian housing exporters are mostly in selected niche markets.
- The attitude towards Canadian imports is positive, but the market is price sensitive.
- There is less transparency in the business, legal and regulatory environments than in Canada, and the best way to evaluate risk is to

work closely with business experts operating in Croatia.

- Detailed analysis of strengths, weaknesses, opportunities and threats is recommended as part of the strategic planning process.
- Businesses are advised to choose a low-risk-return strategy.
- Working with a local partner or establishing a joint venture is highly recommended in order to maximize the position of the business in the marketplace.
- Business related risks for exporters are largely associated with potential credit risks due to the lack of Western accounting and banking systems. Specific risks such as insolvency or bankruptcy carry particular dangers. There is also a deficiency of legislation providing protection against them.

Overview

Anyone can enter the Republic of Croatia with the possession of a valid passport, and a Croatian Entry or Transit Visa. Visas can be obtained from a Croatian Embassy or Consulate.

The standard Croatian business day is 8 hours, usually from 8:30 a.m. to 5:00 p.m., and the business week is Monday to Friday.

Croatian is the official language, with English and German also spoken.

The currency used in Croatia is the Kuna and it is the only payment medium allowed. The foreign exchange market is based on a managed float of the major currencies; the exchange rate as of the 14th February 1997 was US$1: Kuna 6.01.

Business Infrastructure

The Croatian transportation system was considerably disrupted by the territorial disputes and the civil war destruction. Nevertheless, the country has a well-developed road network, with 27,368 km of highways. The E-70 motorway, the main road linking Zagreb and Belgrade, has been recently reopened after five years, and further road construction to the south over the next five to ten years is expected.

While the railroad network needs considerable improvement, the reconstruction of the war-damaged railways connecting northern and southern Croatia will improve distribution. The water transport system, with the major ports of Dubrovnik, Pula, Split and Zagar, provides connection with Italy and Greece.

At present, government efforts are focussed on rebuilding the infrastructure of the war damaged territories. Since Croatia joined the World Bank in 1993, Bank commitments have totalled over US$450 million for projects related to infrastructure and environmental improvement.

The Croatian government recognizes the following statutory holidays:

Table 12: Holidays

January 1	New Year's Day
May 1	Labour Day
May 30	Statehood Day
June 22	Anti-Fascism Day
August 15	Assumption Day
December 25	Christmas Day

Distribution and Sales Channels

The marketing of building products and services in Croatia, is inhibited by the lack of a developed network of large distributors and wholesalers. Distribution channels are being established and the most common means of accessing them is through a local partner or by exporting through a consolidator.

The Croatian Chamber of Economy maintains an extensive database—The Business Register—which documents all business organizations' performance and activities. It offers information to companies and can help with identifying interested agents, partners and distributors. In addition, a computer-supported business service exists for sole traders and small and medium-sized companies.

As a result of price liberalization, the prices of over 90 percent of production and consumption goods are regulated by demand and supply. Therefore, the vast majority of prices are set and negotiated freely by companies. Products in Croatian markets need to be introduced on a small scale. As in other markets, sales are price sensitive, although the high quality and good reputation of Canadian building materials and products, are an asset.

Advertising and Trade Promotion

Local policy and restrictions make it difficult to market products in Croatia. The country's strongest media are the state-owned television and

radio stations. An advertising campaign costs around $18,000 per month per brand. There are about 30 consumer magazines available in Croatia, of which 70 percent are West European. Newspaper circulation is beginning to grow as about 50 percent of Croatia's population read one or more newspapers. Leading newspapers are Vecernji List and Vjesnik. The cost for a full page ad is $3,000.

Joint Ventures and Licensing

The business activities of foreign investors in Croatia are regulated by the Enterprises Act. Foreign entities may be established in the following forms: sole trader; public limited liability company; joint-stock company; limited liability company; and silent partnership.

In practice, foreign investors most frequently establish a limited liability company and/or a joint-stock company. All limited companies are inscribed in the Register of Companies. The minimum capital required to establish a joint-stock company is DEM 30,000, while a limited liability company requires DEM 5,000. Foreign persons are allowed to operate as sole traders in Croatia, provided that they have a work permit and the conditions of reciprocity have been met. Trading licences and registration are mandatory.

Establishing an Office

The availability of quality office space varies from city to city, but in general, good offices are hard to find. Offices in the centre of Zagreb rent for about DM50 per m^2 per month, although unrenovated space can be much cheaper. Most rental agreements are verbal, and tenants are advised to request registration on behalf of the landlord with the local authorities. Short-term office space is available from hotels such as the Intercontinental.

Regulatory Issues

Peace and political stability are crucial for the establishment of a favourable investment climate. Although the Dayton Accord holds promise for better investment conditions, the process has been delayed by the lack of clarity in the privatization process, and bank insolvency. Croatia also faces serious economic problems stemming from the legacy of communist mismanagement, war damage, a large refugee population, and the disruption of economic ties with Serbia and other former Yugoslav republics.

Severe liquidity issues continue to be a problem in Croatia. In November 1995, the banks blocked the accounts of more than 10,000 domestic enterprises because of unpaid debts. As the cost of borrowing rises due to high interest rates, more enterprises are financing their operations through trade credit. For most Western companies, advance payment remains the rule.

Special incentives might be granted to encourage reconstruction and development. In addition, the government has passed a law on free-trade zones, allowing companies which produce goods in Croatia to establish a free-trade zone where appropriate. There are no restrictions on location. Companies investing more than HRK 1 million, are exempt from profit tax for five years, while smaller investors receive a 50 percent tax discount.

Taxation reform is underway in Croatia. The new taxation system treats foreign investors and domestic legal entities on an equal basis. The following tax rates apply: corporate tax (25%); value-added tax (22%); social security, employer's contribution (19.75%); social security, employee's contribution (23.85%); real estate tax (5% on the sales value); and personal income tax (35%).

The transfer of profits, which is regulated by the Law on Foreign Exchange Systems, Transactions and Trade in Gold, is free. The Constitution of Croatia explicitly guarantees the free transfer and repatriation of profits earned by enterprises with foreign participation. Assets belonging to a foreign person after the termination of a foreign investment contract, and the residue of the liquidation or bankruptcy estate of a company with foreign participation, can be repatriated. The constitution also guarantees the free transfer of funds acquired from the sale of the shares of foreign legal entities in a joint venture, or in 100 percent foreign-owned enterprises.

Foreign persons are not, in principle, restricted in buying real estate. However, there are some exceptions such as the purchase of properties considered vital for the national interest. Article 82a of the property law, contains a clause on reciprocity: Foreign investors (physical or legal persons) are permitted to own property in Croatia,

on condition that there is a reciprocal agreement with the country, of which the investor is a legal resident, indicating that Croatian citizens can own property in that country. The law recognizes the reciprocity clause, provided that the activities are of an economic or social nature. Foreign investors need to be aware that due to pending restitution laws, the status of property title might be unclear.

The significant liberalization of the Croatian foreign trade regime has been accompanied by the elimination of the government monopoly over foreign trade and foreign exchange regulations. Import licences are aligned with UN requirements for key trade documents. The terms of delivery, payments, required documents, registration and licensing also correspond to UN standards. There are no quotas on housing-related imports, and there is a 60-day deadline on collecting proceeds from the export of goods and services.

A number of recent changes in the foreign trade and customs legislation are designed to smooth Croatia's path towards full World Trade Organization (WTO) membership. Among these changes, is the new Law on Customs Tariffs (introduced on July 1, 1996) aimed at further adjusting tariffs, to decrease or eliminate duties on imported raw materials and final products. Key new tariff rates under the new legislation include:

- a 5-percent rate levied on imported primary materials and manufacturing products which make up a significant part of the manufacturing industry; and
- a 20-percent rate for imported final products which represent an important source of revenue for the state budget.

Custom duties are levied up to 18 percent. In addition, an import surcharge of 10 percent is applied as is an administration charge of 1 percent of the customs base. The Customs Law provides exemptions under certain conditions.

EDC Financial Risk Assessment

The Export Development Corporation (EDC) helps Canadian companies compete in world markets through the provision of financial and risk management services. These include export credit insurance, financing to foreign buyers of Canadian goods and services, and guarantees.

The following information was obtained from the EDC Country Risks and Opportunities *book (fall, 1996).*

These issues should be taken into consideration when assessing financial risk in Croatia:

- The Dayton Accord and the subsequent Paris treaty have not so much provided a solution for the conflicts which followed the breakup of the former Yugoslavia, but do show a path towards a possible solution. Political stability in the region is not assured.
- Economic indicators are positive, if modest, and GDP growth was 0.7 percent in 1994 and 1.7 percent in 1995. A similar level was expected in 1996.
- Trade and current account deficits have widened significantly and detailed analysis is hindered by a lack of data. Assuming there is no deterioration in the security situation, the Croatian government will have to tackle the growing external imbalances.
- The creditor experience is poor, but improving.
- Extreme caution is urged over the short-term and businesses should be highly selective, assessing each situation case-by-case. Foreign investment insurance is available on a case-by-case basis.

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Canada Mortgage and Housing Corporation

Housing Export Centre	700 Montreal Road Ottawa, Ontario K1A 0P7	Tel.: 1-800-465-6212 or (613) 748-2000 Fax: (613) 748-2302

Canadian Government Departments and Services

Department of Foreign Affairs and International Trade (DFAIT)	InfoCentre Lester B. Pearson Building 125 Sussex Drive Ottawa, ON K1A 0G2	Tel.: 1-800-267-8376 or (613) 944-4000 Fax: (613) 996-9709 FaxLink: (613) 944-4500 InfoCentre Bulletin board: Tel.: 1-800-628-1581 or (613) 944-1581
	Southern Europe Division (RES) 125 Sussex Drive Ottawa, Ontario K1A 0G2	Tel.: (613) 992-0637/944-1562 Fax: (613) 995-8783
Canadian Commercial Corporation (CCC)	50 O'Connor Street, 11th Floor Ottawa, Ontario K1A 0S6	Tel.: (613) 996-0034 Fax: (613) 995-2121
Canadian Embassy	c/o Hotel Esplanade Mihanovieceva 1, 4100 Zagreb, Republic of Croatia	Tel.: (011-385-1) 477-884 Fax: (011-385-1) 477-913

International Trade Centres

Newfoundland	International Trade Centre P.O. Box 8950 Atlantic Place 215 Water Street Suite 504 St. John's, NF A1B 3R9	Tel.: (709) 772-5511 Fax: (709) 772-5093
Prince Edward Island	International Trade Centre P.O. Box 1115 Confederation Court Mall 134 Kent Street Suite 400 Charlottetown, PE C1A 7M8	Tel.: (902) 566-7443 Fax: (902) 566-7450
Nova Scotia	International Trade Centre P.O. Box 940, Station M 1801 Hollis Street Halifax, NS B3J 2V9	Tel.: (902) 426-7540 Fax: (902) 426-5218
New Brunswick	International Trade Centre 1045 Main Street Unit 103 Moncton, NB E1C 1H1	Tel.: (506) 851-6452 Fax: (506) 851-6429
Quebec	International Trade Centre 5 Place Ville-Marie Seventh Floor Montreal, PQ H3B 2G2	Tel.: (514) 283-6328 Fax: (514) 283-8794
Ontario	International Trade Centre Dominion Public Building 1 Front St. West Fourth Floor Toronto, ON M5J 1A4	Tel.: (416) 973-5053 Fax: (416) 973-8161
Manitoba	International Trade Centre P.O. Box 981 330 Portage Avenue 8th Floor Winnipeg, MB R3G 2V2	Tel.: (204) 983-5851 Fax: (204) 983-3182

International Trade Centres (cont'd)

Saskatchewan	International Trade Centre The S.J. Cohen Building 119-4th Avenue South Suite 401 Saskatoon, SK S7K 5X2	Tel.: (306) 975-5315 Fax: (306) 975-5334
Alberta ** Edmonton office is also responsible for Northwest Territories*	International Trade Centre Canada Place 9700 Jasper Avenue Room 540 Edmonton, AB T5J 4C3	Tel.: (403) 495-2944 Fax: (403) 495-4507
	510-5th Street S.W. Suite 1100 Calgary, AB T2P 3S2	Tel.: (403) 292-4575 Fax: (403) 292-4578
British Columbia **Vancouver office is also responsible for the Yukon*	International Trade Centre 300 West Georgia Street Suite 2000 Vancouver, BC V6B 6E1	Tel.: (604) 666-0434 Fax: (604) 666-0954

Export Development Corporation (EDC)

Ottawa	151 O'Connor Street Ottawa, ON K1A 1K3	Tel.: (613) 598-2500 Fax: (613) 237-2690
Vancouver	One Bentall Centre 505 Burrard Street Suite 1030 Vancouver, BC V7X 1M5	Tel.: (604) 666-6234 Fax: (604) 666-7550
Calgary	510-5th Street S.W. Suite 1030 Calgary, AB T2P 3S2	Tel.: (403) 292-6898 Fax: (403) 292-6902
Winnipeg **office also serves Saskatchewan*	330 Portage Avenue Eighth Floor Winnipeg, MB R3C 0C4	Tel.: (204) 983-5114 Fax: (204) 983-2187
Toronto	National Bank Building 150 York Street Suite 810 P.O. Box 810 Toronto, ON M5H 3S5	Tel.: (416) 973-6211 Fax: (416) 862-1267
London	Talbot Centre 148 Fullarton Street Suite 1512 London, ON N6A 5P3	Tel.: (519) 645-5828 Fax: (519) 645-5580
Montreal	Tour de la Bourse 800 Victoria Square Suite 4520 P.O. Box 124 Montreal, PQ H4Z 1C3	Tel.: (514) 283-3013 Fax: (514) 878-9891
Halifax	Purdy's Wharf, Tower 2 1969 Upper Water Street Suite 1410 Halifax, NS B3J 3R7	Tel.: (902) 429-0426 Fax: (902) 423-0881

Croatian Government Office in Canada

Consulate General of the Republic of Croatia	918 Dundas Street East, Suite 302 Mississauga, ON L4Y 2B8	Tel.: (905) 277-9051 Fax: (905) 277-5432

Multilateral Organizations

World Bank	Washington, D.C. 20433 U.S.A.	Tel.: (202) 477-1234 Fax: (202) 477-6391
Office for Liaison with International Financial Institutions	Canadian Embassy 501 Pennsylvania Avenue N.W. Washington, D.C. 20001	Tel.: (202) 682-7719 Fax: (202) 682-7726

Business and Professional Organizations in Canada

Alliance of Manufacturers and Exporters Canada	99 Bank Street, Suite 250 Ottawa, Ontario K1P 6B9	Tel.: (613) 238-8888 Fax: (613) 563-9218

Canadian Banks with European Offices

Bank of Montreal	11 Walbrook Street London, England EC4N 8ED	
Canadian Imperial Bank of Commerce European Operations Office	Cottons Centre Cottons Lane London, SE1 2QL, England	Tel.: (011-441-71) 234-6000
National Bank of Canada Europe Regional Office	Princes House 95 Gresham Street London, England EC2V 7LU	
Royal Bank of Canada AG	P.O. Box 71 07 14 Lyonner Strasse 15 60497 Frankfurt am Main, Germany	
The Toronto-Dominion Bank	Triton Court 14/18 Finsbury Square London, England EC2A 1DB	
Hongkong Bank of Canada	10 Lower Thames Street P.O. Box 506 London, England EC3R 6AE	

Croatian Government Departments and Other Organizations

Ministry of Economic Affairs	10000 ZAGREB Ulica grada Vukovara 78	Tel.: 385 1/ 6133444 Fax: 385 1/ 538-314
Ministry of Privatization and Property Management	10000 ZAGREB Gajeva 30/II	Tel.: 385 1/4569-111 Fax: 4569-133
Ministry of Physical Planning, Building Construction and Housing	10000 ZAGREB Ulica Republike Austrije 20	Tel.: 3851/ 182-142,177-269 Fax: 385 1/172-822
Ministry of Development and Reconstruction	10000 ZAGREB Nazorova 61	Tel.: 385 1/ 184-500 Fax: 385 1/ 184-550
Croatian Investment Promotion Agency	World Trade Centre Building Dubrovnik Avenue 15 10000 ZAGREB,	Tel.: 385 1/6554557 Fax: 385 1/6554563
Public Investment Agency	10000 ZAGREB Janka Rakuse 1	Tel.: 385 1/ 534-423 Fax: 385 1/ 534-439
Croatian Chamber of Economy	10000 ZAGREB Rooseveltov trg	Tel.: 385 1/ 4561-555 Fax: 385 1/ 448-618
National Bank of Croatia	10000 ZAGREB Trg buize 3	Tel.: 385 1/ 4564-555 Fax: 385 1/ 413-319
Zagreb Stock Exchange	10000 ZAGREB Ksaver 208	Tel.: 385 1/ 4551-866 Fax: 385 1/ 4551-118
State Patent Office	10000 ZAGREB Ulica grada Vukovara 78	Tel.: 385 1/ 536-657 Fax: 385 1/ 536-597
Institute for Standards and Measures of the Republic of Croatia	10000 ZAGREB Ulica grada Vukovara 78	Tel.: 385 1/ 6133-444 Fax: 385 1/ 536-688
Central Bureau of Statistics of the Republic of Croatia	10000 ZAGREB Ilica 3	Tel.: 385 1/ 4554-422 Fax: 385 1/ 429-413

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Card Number

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To Complete See Example on Reverse Side

ORDER NUMBER	REPORT TITLE Please be sure the order number and report title match the listing	1 QTY	2 ITEM AMOUNT $	3 TOTAL $ AMOUNT 1 x 2	4 SHIPPING POINTS	5 TOTAL SHIPPING POINTS 1 x 4
					3	
					3	
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					3	
					3	
					3	
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					3	
					3	

SOURCE
(How did you hear about the product?)

TV AD ☐ ☐ CATALOGUE
NEWSPAPER ☐ ☐ FLYER/BROCHURE
MAGAZINE ☐ ☐ OTHER

	Subtotal Column 3	A
SHIPPING CHOICE Regular Mail ☐ Courier ☐	ADD Shipping & Handling	B
	Subtotal (Add A + B)	C
Registration #100756428	ADD GST (7% of subtotal C)	D
	Subtotal (Add C + D)	E
	Quebec residents add PST (6.5% of Subtotal E)	F
	Total (Add E + F)	G

Subtotal Column 5

Refer to Shipping and Handling Charges on the back of this form for the shipping and handling amount.

SEE EXAMPLE ON REVERSE

U.S. AND INTERNATIONAL ORDERS
Please pay subtotal C in U.S. Funds
(do not add GST or PST)

Shipping and Handling Charges

Points	Canada Regular Rates	Canada Courier Rates	U.S. Regular Air Rates	U.S. Courier Rates	International Regular Air Rates	International Courier Rates	Europe Courier Rates
1	2.55	5.00	5.00	11.00	7.00	24.00	19.00
2	3.65	8.00	6.50	14.00	9.00	30.00	25.00
3 to 5	5.80	11.07	8.11	30.75	12.18	63.75	47.75
6 to 10	6.18	11.07	12.46	34.75	20.61	88.75	55.75
11 to 20	6.43	12.35	18.08	42.75	38.77	118.75	71.75
21 to 40	6.94	14.90	23.81	58.75	64.65	193.75	103.75
41 to 60	7.44	17.62	29.48	74.75	68.12	253.75	129.75
61 to 80	7.95	20.51	35.15	90.75	117.36	313.75	149.75
81 to 100	8.45	23.35	40.92	106.75	146.60	373.75	169.75
101 to 120	8.96	26.20	46.59	120.75	166.71	433.75	189.75
121 to 140	9.46	29.05	52.31	134.75	184.72	493.75	209.75
141 to 160	9.97	31.90	58.00	148.75	207.45	553.75	229.75
161 to 180	10.47	34.75	63.71	162.75	228.92	613.75	249.75
181 to 200	10.98	35.60	69.38	176.75	250.29	658.75	269.75
201 to 220	11.48	40.45	75.05	190.75	N/A	718.75	289.75
221 to 240	11.99	43.30	80.72	204.75	N/A	778.75	309.75
241 to 260	12.49	46.15	86.49	218.75	N/A	838.75	329.75
261 to 280	13.00	49.00	92.21	232.75	N/A	901.75	349.75
281 to 300	13.50	51.85	97.88	246.75	N/A	958.75	369.75
Estimated Delivery times	2-3 weeks	5-10 days	2-3 weeks	5-10 days	4-8 weeks	12 days	12 days

Prices Subject to Change

CMHC Return Policy

We will replace damaged materials and correct shipping errors if we are notified within thirty days after you receive your shipment. If an item is not defective or not mistakenly shipped, then it must be returned by you at your cost within thirty days of receipt. It must arrive here in resaleable condition for you to receive credit.

International Note: Most international return shipments arrive damaged. If you received damaged items, contact CMHC at (613) 748-2969. Please do NOT return the damaged items unless we ask.

Example: To complete order form and determine shipping and handling charges

ORDER NUMBER	REPORT TITLE Please be sure the order number and report title match the listing	1 QTY	2 ITEM AMOUNT $	3 TOTAL AMOUNT 1 x 2	4 SHIPPING POINTS	5 TOTAL SHIPPING POINTS 1 x 4
NHA 8003	Brazil	1	35.–	35.–	3	3
NHA 8009	Westen Europe	2	23.–	46.–	3	6
					3	
					3	

SOURCE
(How did you hear about the product?)

TV AD ☐ ☐ CATALOGUE
NEWSPAPER ☐ ☐ FLYER/BROCHURE
MAGAZINE ☐ ☐ OTHER

Subtotal Column 3	A	81.–
SHIPPING CHOICE Regular Mail ☑ Courier ☐ — ADD Shipping & Handling	B	6.18
Subtotal (Add A + B)	C	87.18
Registration #100756428 — ADD GST (7% of subtotal C)	D	6.10
Subtotal (Add C + D)	E	93.28
Quebec residents add PST (6.5% of Subtotal E)	F	–
Total (Add E + F)	G	93.28

Subtotal Column 5: 9

Refer to Shipping and Handling Charges on the back of this form for the shipping and handling amount.

U.S. AND INTERNATIONAL ORDERS
Please pay subtotal C in U.S. Funds
(do not add GST or PST)

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